

**MINUTES OF THE MEEETING
OF THE BOARD OF DIRECTORS OF
THE DEPARTMENT OF WATERWORKS**

Date: February 26, 2004

The Board of Directors (the "Board") of the Department of Waterworks (the "Department") met at 5:30 p.m. at 200 East Washington Street, Indianapolis, Indiana in the Public Assembly Room of the City-County Building. The following Board members were in attendance: Jack Bayt, Carmen Hansen-Rivera, Beulah Coughenour and Barbara Howard.

I. Approval of the Minutes of the January 22, 2004 Meeting

Chairperson Coughenour (the "Chair") asked for motions to approve the minutes of the meeting of the Board as of January 22, 2004, as set forth in Exhibit A, attached hereto and made a part hereof (the "Minutes").

Ms. Howard inquired about the Martin Luther King, Jr. Drive parcel appraisal. Mr. Wright, Special Assistant Corporation Counsel, indicated that the property had not been appraised, but the Department has received quotes for the appraisal and the Department has delivered an engagement contract to the appraiser that provided the least expensive quote for the appraisal.

The Chair inquired whether DLZ was a Minority Business Enterprise ("MBE") or Women Business Enterprise ("WBE"). Mr. Wright answered affirmatively.

A motion was made and seconded for approval of the Minutes. The Board unanimously approved the Minutes.

II. Financial Report of the Department

Robert Erney, Financial Manager of the Department presented the report as set forth in Exhibit B, attached hereto and made a part hereof (the "Financial Report").

The Chair opened for discussion matters related to the Financial Report.

The Chair asked if there had been any WBE disbursements in January, 2004. Mr. Erney responded that there had been no disbursements in January 2004.

Mr. Bayt requested information related percentage goals for MBE participation. Mr. Erney responded that it was the goal of the Department to utilize MBEs as much as possible. Mr. Erney noted that when items are put out for bid, MBEs and WBEs are included in the process to give them an opportunity to participate. Carlton E. Curry, Department Director of Contracts and Operations, stated that the incentives require WBE

and MBE participation for O&M and capital of 23% and 14% respectively and that the actual management agreement participation percentage is slightly less.

Ms. Howard inquired about ninety (90) days plus accounts receivables being turned over for collection and the collection success rate. Mr. Erney responded that historically the collection rate was 20% or greater. Mr. Erney indicated that of the 9,000 delinquent accounts, new addresses were determined for about 6,000 accounts and letters are to be sent to those new addresses. Mr. Bayt inquired about the accuracy level of “SmartSuite,” the software that generated the list delinquent accounts, and whether it could be tested. Mr. Erney indicated that these delinquent accounts had been through a thorough review before they are sent to the collection agency and that the accounts are audited prior to going to the collection agency.

The Chair inquired whether the Department was down related to Darlington. Mr. Erney answered in the affirmative.

The Chair requested any further questions from the Board related to the Financial Report. The Board did not have any further questions.

III. Veolia Water Indianapolis, LLC Report

Tim Hewitt of Veolia Water Indianapolis, LLC (“VWI”) issued his report as set forth in Exhibit C, attached hereto and made a part hereof (“VWI Report”).

The Chair inquired about the VWI logo and the Board’s request to have “Indianapolis” added to the VWI logo. VWI indicated that the revised logo would include the Board's preference.

The Chair requested clarification of the term “recordable” under the safety report. Mr. Hewitt indicated that a “recordable” incident is one where a person is injured, but did not need medical attention and the injury did not result in lost time.

The Chair requested any further questions from the Board related to the VWI Report. The Board did not have any further questions.

IV. Report of the Directors of Contracts and Operations of the Department

Mr. Curry presented his report as set forth in Exhibit D, attached hereto and made a part hereof.

Mr. Bayt expressed that it was his opinion that the IMI extended contract include financial terms more favorable to the Department.

Ms. Howard inquired about the necessity of the Service Advisory Board (the “SAB”). Mr. Curry informed the Board that the SAB was required and that an effort would be made to make this committee more effective, including increasing the participation of

members to result in an attendance that results in a quorum at the SAB meetings. Ms. Howard inquired as to what specifically could be done to increase participation by the members of the SAB and increase attendance at the meetings. Mr. Wright indicated that notice was not the issue, but that “action items” or items of particular interest to the members of the SAB on the SAB agenda might increase attendance. Mr. Curry concurred that “action items” would increase attendance. The Chair inquired as to the number of the members on the SAB. Mr. Wright indicated that there were 19 members representing entities with which the Department has an interlocal agreement to provide service. The Chair inquired about the authority within those entities to appoint the representative to the SAB. Mr. Wright indicated that the appointment authority varies and that it was outside the authority of the Department to appoint representatives to the SAB on behalf of the entities entitled to appoint members to the SAB. The Chair inquired about notices to SAB members. Mr. Wright indicated he and formally his assistant sent the notices and followed-up the notices three (3) days prior to the meeting with telephone calls if e-mail or facsimile was not possible. The Chair requested that the entity, whether it be an individual, board or other governmental body, with the authority to appoint a representative to the SAB be contacted by letter instructing them that participation was critical to the success of the SAB. Additionally, the Chair instructed that the letter request recommendations as to “action items” to be discussed at the SAB meetings. The Chair asked whether the inter-local agreements required attendance. Mr. Wright indicated that the inter-local agreements did not require attendance. The Chair expressed the concern that the SAB was becoming a non-functioning board. The Chair requested that phone calls be made to follow-up on any written notices to determine a quorum for the SAB meetings. The Chair inquired if the SAB meetings were monthly. Mr. Wright answered in the affirmative as a matter of SAB agreed procedure. The Chair requested the Department to send the letter to the SAB member appointing authority and phone call follow-up to written notices of SAB meetings. The Chair requested a report of the success of these two action items at the March meeting. Ms. Howard requested a roster of the SAB members. Mr. Wright indicated he would supply an updated roster of the SAB members. The Chair requested that resumes of the member of the SAB be provided. Mr. Wright indicated that most of the members of the SAB are elected or appointed governmental officials in their respective governmental jurisdictions. The Chair indicated her desire that a form be created with questions related to SAB members participation including a question that specifically determines whether the respondent believes that he or she is able to attend the majority of future SAB meetings. The Chair inquired whether dates had been set for future SAB meetings for 2004. Mr. Wright stated that the dates had been established.

V. Resolution No. 6, 2004-First Supplemental Waterworks District Net Revenue Bonds Resolution-Brenda Horn, Esq.

Brenda Horn, Esq. of Ice Miller as special bond counsel summarized the resolution.

Mr. Bayt asked if standard rules and regulations applicable to governmental bond issuance had been followed. Ms. Horn responded in the affirmative.

Mr. Bayt moved to adopt the resolution. The motion was seconded. Hearing no further discussion, the Chair called for a vote. The Board unanimously adopted the resolution.

VI. Resolution No. 7, 2004-Approval of Waterworks District Net Revenue Bond Issuance Documents. -Brenda Horn, Esq.

Brenda Horn, Esq. of Ice Miller as special bond counsel summarized the resolution.

A motion was made and seconded to adopt the resolution. The Board unanimously voted to adopt the resolution.

VII. Resolution No. 8, 2004-Approval of Amendments to Agreements with the Town of Westfield-Kobi M. Wright

Mr. Wright summarized the resolution.

Mr. Bayt requested clarification that the amendments would provide financially beneficial treatment to both the Department and the Town of Westfield. Mr. Wright answered in the affirmative. Mr. Erney indicated that a reduction of the monthly minimum as provided in the amendments would result in a saving of a \$130,000 a year between September and April.

A motion was made and seconded to adopt the resolution. The Board unanimously adopted the resolution.

VIII. Resolution No. 9, 2004-Approval of Capital Projects-Carlton E. Curry, Director of Contracts and Operations

Mr. Curry summarized the resolution.

The Chair requested motions to adopt the resolution. A motion was made and seconded. Chairperson Coughenour asked if there was any further discussion on the resolution. Hearing none, Chairperson Coughenour called for a vote. The Board unanimously voted to adopt the resolution.

IX. Resolution No. 10, 2004-Approval of Incentive Payments for Calendar Year 2003-Carlton E. Curry, Director of Contracts and Operations

Mr. Curry summarized the resolution.

The Chair requested motions to adopt the resolution. A motion was made and seconded. Chairperson Coughenour asked if there was any further discussion on the resolution. Hearing none, Chairperson Coughenour called for a vote. The Board unanimously adopted the resolution

X. Resolution No. 11, 2004-Approval of Certain Bid Awards for Capital Projects-Robert L. Erney, Financial Manager

Mr. Erney summarized the resolution.

Mr. Bayt inquired as to the necessity of the projects and whether applicable public bidding process had been followed. Mr. Erney responded in the affirmative to both inquiries.

A motion was made and seconded. Chairperson Coughenour asked if there was any further discussion on the resolution. Hearing none, Chairperson Coughenour called for a vote. The Board unanimously adopted the resolution

XI. Other Business

Robert Reed, President of Local 131 representing employees of VWI (the "Union"), spoke about his concern about benefits available for the employees of VWI and its negotiations with VWI about benefits. He requested that the Board consider the Union's requests presented to VWI. The Chair indicated that the Board would make an effort to stay apprised of developments related to the Union's negotiations with VWI.

Virginia Cain, City of Indianapolis - Marion County Councillor District 5, requested to be placed on the March 25, 2004 Board agenda to discuss a potential Geist Reservoir Dam greenways/park project near the Geist Reservoir Dam spillway. Councillor Cain introduced Mr. Ken Penndleton to discuss the potential project. Mr. Penndleton distributed to the Board a letter attached hereto as Exhibit E advocating on behalf of the potential greenways/park project. Mr. Penndleton spoke about the history of the ground that he advocates should be used as a greenways/park project.

A retired Indianapolis Water Company employee spoke about the need for VWI to continue to provide retired employees benefits consistent with past practice.

Glenn Pratt requested that the Board continue to focus on environmental issues related to the Department's water service and assets, including conservation efforts and cooperative relationships with all environmental stakeholders. Specifically, Mr. Pratt noted the need for the Board to consider the dredging of the reservoirs and the potential for problems associated with phosphorus and algae blooms. Additionally, Mr. Pratt asked that the Board consider the potential impact of landfills and Superfund environmental sites on the wellhead protection areas, requesting that any active program be updated, including, if necessary, a revision of the applicable City of Indianapolis-Marion County ordinance. Finally, Mr. Pratt asked if the Board had received notice from the Indiana Department of Environmental Management related to a proposed package plant.

The meeting was adjourned at 7:05 p.m.

Approved this 25th day of March 2004.

Beulah Coughenour, Chairperson

Attest:

S. Michael Hudson,
Secretary-Treasurer